

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

*Charter Township of Kalamazoo*  
*Kalamazoo County, Michigan*  
**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**  
*Year ended December 31, 2005*

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Charter Township of Kalamazoo**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The following discussion and analysis is intended as a narrative overview of the Charter Township of Kalamazoo, Michigan's operations over the fiscal year and its financial condition on December 31, 2005.

**FINANCIAL HIGHLIGHTS**

- The Township's total net assets decreased \$450 thousand (2 percent) as a result of this year's operations.
- Of the \$25.0 million total net assets reported, \$5.2 million is available to be used to meet future operating and capital improvement needs.
- The General Fund's unreserved, undesignated fund balance at the end of the fiscal year was \$721 thousand, which represents 10 percent of the actual total General Fund expenditures for the fiscal year.

**Overview of the financial statements**

This discussion and analysis introduces the Township's basic financial statements that follow this section. These financial statements are presented to comply with Governmental Accounting Standards Board Statement 34 (GASB 34). The Township's basic financial statements are comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township government, reporting the Township's operations in more detail than the government-wide financial statements.
  - The governmental funds statements tell how general government services like public works and public safety were financed in the short term as well as what remains for future spending.
  - Proprietary fund statements offer short- and long-term financial information about the activities the government operates like a business. The Township has 3 proprietary funds to account for its golf course, economic development loans, and building inspections department.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

A comparative analysis of the basic financial statements for 2005 and 2004 is also presented.

### **Government-wide statements**

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets and the Statement of Activities includes all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Township's net assets and how they have changed. Net assets - the difference between the Township's assets and liabilities - is one way to measure the Township's financial health, or position.

- Over time, increases or decreases in the Township's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township you need to consider additional nonfinancial factors such as changes in the Township's property tax base and the condition of the Township's roads.

The government-wide financial statements of the Township are divided into two categories:

- *Governmental activities* - These activities include functions most commonly associated with government (e.g., general government, public safety, public works, etc.). Property taxes and intergovernmental revenues generally fund these services.
- *Business-type activities* - The Township charges fees to customers to help it cover the costs of operating the golf course and the building inspections department. The Township also charges interest on economic development loans made to businesses in the Township.

### **Fund financial statements**

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by grant agreements.
- The Township Board establishes other funds to control and manage money for particular purposes (like street, water and sewer improvements) or to show that it is properly using certain taxes and other revenues (like the street lighting and recycling millages).

The Township has three kinds of funds:

- *Governmental funds.* Most of the Township's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flow in and out and, (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement that explains the relationship between them.

**Charter Township of Kalamazoo**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

- *Proprietary funds.* Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-and short-term financial information.
- *Fiduciary funds.* These funds are used to account for the collection and disbursement of resources, primarily taxes, for the benefit of parties outside the government. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The Township's fiduciary balances are reported in separate Statement of Fiduciary Net Assets - Fiduciary Funds. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE**

**Net Assets**

Total net assets at the end of the fiscal year were \$25 million, a decrease of 2% from the prior year. However, \$19.5 million of this total is invested in capital assets, and \$482 thousand is restricted for public safety and public works. Consequently, unrestricted net assets were \$4.7 million, 19% of the total.

*Condensed financial information*  
*Net assets (in thousands)*

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>
Current and other assets	\$ 9,984.4	\$ 9,657.2	\$ 233.0	\$ 332.6	\$ 10,217.4	\$ 9,989.8
Capital assets	19,532.8	19,734.9	274.4	239.2	19,807.2	19,974.1
<b>Total assets</b>	<b>29,517.2</b>	<b>29,392.1</b>	<b>507.4</b>	<b>571.8</b>	<b>30,024.6</b>	<b>29,963.9</b>
<b>Liabilities, other than long-term debt</b>	<b>4,816.2</b>	<b>4,506.1</b>	<b>7.1</b>	<b>7.2</b>	<b>4,823.3</b>	<b>4,513.3</b>
Net assets:						
Invested in capital assets	19,532.8	19,734.9	274.4	239.2	19,807.2	19,974.1
Restricted	482.5	418.4	-	-	482.5	418.4
Unrestricted	4,468.6	4,732.7	242.1	325.4	4,710.7	5,058.1
<b>Total net assets</b>	<b>\$ 24,483.9</b>	<b>\$ 24,886.0</b>	<b>\$ 516.5</b>	<b>\$ 564.6</b>	<b>\$ 25,000.4</b>	<b>\$ 25,450.6</b>

**Charter Township of Kalamazoo**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**Changes in net assets**

The Township's total revenues are \$7.8 million. Approximately 47% of the Township's revenues come from property taxes, and 28% is received as state revenue sharing. About 18% of total revenues come from charges for services.

*Condensed financial information*  
*Changes in net assets (in thousands)*

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Totals</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Program revenues:						
Charges for services	\$ 1,169.5	\$ 765.9	\$ 204.6	\$ 233.4	\$ 1,374.1	\$ 999.3
Operating grants	16.8	16.3	-	-	16.8	16.3
Capital grants	192.5	13.5	-	-	192.5	13.5
General revenues:						
Property taxes	3,635.1	3,504.5	-	-	3,635.1	3,504.5
State grants	2,211.1	2,223.9	-	-	2,211.1	2,223.9
Investment income	187.6	106.5	3.7	1.4	191.3	107.9
Other	181.0	210.1	-	-	181.0	210.1
Total revenues	<u>7,593.6</u>	<u>6,840.7</u>	<u>208.3</u>	<u>234.8</u>	<u>7,801.9</u>	<u>7,075.5</u>
Expenses:						
Legislative	40.1	43.3	-	-	40.1	43.3
General government	1,490.9	1,565.5	-	-	1,490.9	1,565.5
Public safety	5,261.0	5,517.2	237.5	306.6	5,498.5	5,823.8
Public works	963.6	1,050.5	-	-	963.6	1,050.5
Community and economic development	81.0	69.8	0.1	1.6	81.1	71.4
Culture and recreation	5.3	45.2	18.8	16.0	24.1	61.2
Total expenses	<u>7,841.9</u>	<u>8,291.5</u>	<u>256.4</u>	<u>324.2</u>	<u>8,098.3</u>	<u>8,615.7</u>
Special item - loss on sale of assets	<u>(153.7)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(153.7)</u>	<u>-</u>
Decrease in net assets	<u>\$ (402.0)</u>	<u>\$ (1,450.8)</u>	<u>\$ (48.1)</u>	<u>\$ (89.4)</u>	<u>\$ (450.1)</u>	<u>\$ (1,540.2)</u>

**Governmental activities**

Governmental activities decreased the Township's net assets by \$402 thousand in 2005 compared with a \$1.5 million decrease in 2004. Revenue for charges for services increased by \$404 thousand, due primarily to \$190 thousand increased assessments, a \$116 thousand increase in tax administration fees, and a \$48 thousand increase in permits. The Township also received \$185 thousand in 2005 from a federal grant for fire capital assets, training and safety programs. Expenses for 2005 compared to 2004 include a \$325 thousand decrease in public safety expenses, comprised of several small reductions in various police and fire department operating expenses, combined with increased police cost reimbursements. Other governmental expenses combined were about \$125 thousand lower in 2005, compared to 2004. The Township also incurred a loss totaling \$145 thousand in 2005 on the sale of police radio equipment. The police department began using the Michigan State Police radio system in 2005.



**Charter Township of Kalamazoo**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

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The cost of all governmental activities this year was \$7.8 million compared to \$8.3 million in 2004. After subtracting the direct charges to those who directly benefited from the programs (\$1.2 million), and other operating and capital grants (\$209 thousand), the "public benefit" portion covered by taxes, state revenue sharing and other general revenues was \$6.5 million in 2005 compared to \$7.4 million in 2004.

***Business-type activities***

Charges for services in the business-type activities for 2005 were \$29 thousand (12%) less than in 2004. This was primarily the result of a decrease building permits issued in the current year. Expenses decreased \$68 thousand, primarily as a result of a reduction in the payments for occupancy costs related to the Building Inspections Fund to the General Fund compared to the total paid in 2004.

**FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS**

At December 31, 2005, the Township's governmental funds reported a combined fund balance of \$4.7 million, approximately \$429 thousand less than last year.

Expenditures in the General Fund for 2005 exceeded revenues by \$275 thousand, compared to a \$940 thousand excess of expenditures over revenues in 2004. The change was primarily due to the \$164 thousand increase in tax administration and permit revenues, and the approximately \$450 thousand expenditure reductions described above. Net operating transfers into the General Fund for 2005 were \$899 thousand, while there were no transfers made in 2004.

The fund balances in both the Revolving Improvement and Sewer Improvement Funds decreased this year by \$804 thousand and \$279 thousand, respectively. Available Revolving Improvement Fund resources were used to cover \$256 thousand in capital outlay costs, primarily for police and fire equipment, vehicles and a land purchase. The Sewer Improvement Fund expenditures in 2004 included \$74 thousand in construction costs. The Revolving Improvement Fund and the Sewer Improvement Fund also transferred \$499 thousand and \$400 thousand, respectively, to the General Fund. The transfers were needed to provide the General Fund with adequate working capital during the year. The Revolving Improvement Fund also transferred \$102 thousand for street and sidewalk projects, to be repaid from the Street Fund as special assessments are collected from benefited properties. The fund balances in the Revolving Improvement Fund and the Sewer Improvement Fund at the end of 2005 were \$1.0 million and \$2.6 million, respectively. The combined fund balances for all other governmental funds increased by \$48 thousand, and totaled approximately \$643 thousand at the end of 2005.

**General Fund budgetary highlights**

The Township amended the General Fund budget to reflect the transfers from the Revolving Improvement and Sewer Improvement funds, and the use of Revolving Improvement Fund monies to pay for township, police and fire capital expenditures.

Revenues, principally charges for services, were \$125 thousand more than budgeted. General Fund expenditures and transfers to other funds were \$38 thousand less than the amounts appropriated, which resulted in a \$163 positive budget variance, and a \$605 thousand increase in fund balance compared to a budgeted \$442 thousand increase. An accrued expenditure for police vehicles resulted in a negative budget variance of \$56 thousand for capital outlay expenditures. There were no other negative variances in the other General fund functional classifications.

**Charter Township of Kalamazoo**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

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**Capital assets**

At December 31, 2005, the Township had invested \$19.8 million in various capital assets, including its land, buildings, equipment, and wastewater system. This amount represents a net decrease of \$ 100 thousand, comprised of \$527 thousand in additions and \$427 thousand in various disposals. Disposals included \$240 thousand police radio equipment, which was sold at a loss of \$145 thousand as a result of the Township's inclusion in the Michigan State Police radio system in 2005.

This year's major capital asset additions included:

- \$206 thousand for self-contained breathing apparatus, 90% funded by a federal grant
- \$126 thousand for police vehicles
- \$ 55 thousand for police radio antennas and technology
- \$ 42 thousand for fire station land
- \$ 89 thousand for street and sidewalk reconstruction

**Economic condition and outlook**

Slightly more than \$700 thousand is available for appropriation in the General Fund budget. This fund balance represents 10% of the budgeted \$7 million in General Fund expenditures budgeted for 2006. The Township has not added major new programs or initiatives to the 2006 budget. The 2006 costs for General Fund activities are expected to increase by \$484 thousand (7%). The Township continues to review all budget line items for opportunities to reduce expenditures. The current 2006 budgeted revenues and transfers are set at levels to equal planned expenditures. The budget will be monitored during the year to identify any necessary amendments.

Two new governmental funds were created in 2005, to account for annual assessments totaling \$420 thousand for police and fire capital expenditures. The assessments were first billed with the winter 2005 levy, and will be available for the first time in calendar year 2006.

In 2006, the Township will be able to use the newly available revenues to provide essential services. As in the prior year, the ongoing costs of providing the services necessary for the protection and well-being of the citizens of the Township will need to be monitored, in order to maintain the financial condition of the Township.

**Contacting the Township's financial management**

This financial report is designed to provide a general overview of the Township's finances to its citizens, customers, investors, and creditors, and to demonstrate the Township's accountability for the money it receives. Questions regarding any information provided in this report or request for additional financial information should be addressed to:

Charter Township of Kalamazoo  
Supervisor's Office  
1720 Riverview Drive  
Kalamazoo, MI 49004

Phone: (269) 381-8080

## INDEPENDENT AUDITORS' REPORT

**Board of Trustees  
Charter Township of Kalamazoo, Michigan**

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Charter Township of Kalamazoo, Michigan, as of December 31, 2005, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Charter Township of Kalamazoo's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Kalamazoo, Michigan, as of December 31, 2005, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information on pages i through vi and 23 through 31, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

**Board of Trustees  
Charter Township of Kalamazoo, Michigan  
Page 2**

**Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Kalamazoo, Michigan's, basic financial statements. The accompanying supplementary data, as listed in the contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Charter Township of Kalamazoo, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.**

*Siegfried Crandall P.C.*

**March 22, 2006**

## **BASIC FINANCIAL STATEMENTS**

**Charter Township of Kalamazoo**  
**STATEMENT OF NET ASSETS**  
December 31, 2005

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Totals</u>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 4,869,516	\$ 233,044	\$ 5,102,560
Investments	1,492,271	-	1,492,271
Prepaid costs	55,605	9,020	64,625
Receivables, net	<u>3,357,010</u>	<u>7,395</u>	<u>3,364,405</u>
Total current assets	<u>9,774,402</u>	<u>249,459</u>	<u>10,023,861</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	19,532,771	265,383	19,798,154
Receivables, net	<u>210,000</u>	<u>8,741</u>	<u>218,741</u>
Total assets	<u>29,517,173</u>	<u>523,583</u>	<u>30,040,756</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	131,182	7,070	138,252
Accrued liabilities	39,700	-	39,700
Deferred revenue	4,613,362	-	4,613,362
Current portion of long-term obligations	<u>32,000</u>	<u>-</u>	<u>32,000</u>
Total current liabilities	<u>4,816,244</u>	<u>7,070</u>	<u>4,823,314</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	<u>217,000</u>	<u>-</u>	<u>217,000</u>
Total liabilities	<u>5,033,244</u>	<u>7,070</u>	<u>5,040,314</u>
<b>NET ASSETS</b>			
Invested in capital assets	19,532,771	265,383	19,798,154
Restricted for:			
Public safety	37,231	-	37,231
Public works	445,341	-	445,341
Unrestricted	<u>4,468,586</u>	<u>251,130</u>	<u>4,719,716</u>
Total net assets	<u>\$ 24,483,929</u>	<u>\$ 516,513</u>	<u>\$ 25,000,442</u>

See notes to financial statements

**Charter Township of Kalamazoo**  
**STATEMENT OF ACTIVITIES**  
Year ended December 31, 2005

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>
Governmental activities:				
Legislative	\$ 40,107	\$ -	\$ -	\$ -
General government	1,490,934	211,506	-	-
Public safety	5,260,932	165,915	7,642	192,456
Public works	963,595	780,572	9,115	-
Community and economic development	81,043	-	-	-
Parks and recreation	<u>5,339</u>	<u>11,541</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>7,841,950</u>	<u>1,169,534</u>	<u>16,757</u>	<u>192,456</u>
Business-type activities:				
Golf course	18,736	18,981	-	-
Economic development	150	-	-	-
Building code inspection	<u>237,533</u>	<u>185,611</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>256,419</u>	<u>204,592</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,098,369</u>	<u>\$ 1,374,126</u>	<u>\$ 16,757</u>	<u>\$ 192,456</u>

General revenues:

Taxes  
State grants  
Franchise fees  
Investment income  
Other

Total general revenues

Special item - loss on sale of assets

Change in net assets

Net assets - beginning

Net assets - ending

**Net (expense) revenue and  
change in net assets**

<b><u>Governmental activities</u></b>	<b><u>Business-type activities</u></b>	<b><u>Totals</u></b>
\$ (40,107)	\$ -	\$ (40,107)
(1,279,428)	-	(1,279,428)
(4,894,919)	-	(4,894,919)
(173,908)	-	(173,908)
(81,043)	-	(81,043)
<u>6,202</u>	<u>-</u>	<u>6,202</u>
<u>(6,463,203)</u>	<u>-</u>	<u>(6,463,203)</u>
-	245	245
-	(150)	(150)
<u>-</u>	<u>(51,922)</u>	<u>(51,922)</u>
<u>-</u>	<u>(51,827)</u>	<u>(51,827)</u>
<u>(6,463,203)</u>	<u>(51,827)</u>	<u>(6,515,030)</u>
3,635,069	-	3,635,069
2,211,082	-	2,211,082
132,626	-	132,626
187,628	3,706	191,334
<u>48,398</u>	<u>-</u>	<u>48,398</u>
<u>6,214,803</u>	<u>3,706</u>	<u>6,218,509</u>
<u>(153,652)</u>	<u>-</u>	<u>(153,652)</u>
(402,052)	(48,121)	(450,173)
<u>24,885,981</u>	<u>564,634</u>	<u>25,450,615</u>
<u>\$ 24,483,929</u>	<u>\$ 516,513</u>	<u>\$ 25,000,442</u>

See notes to financial statements



**Charter Township of Kalamazoo**  
**BALANCE SHEET - governmental funds**  
December 31, 2005

	<u>General</u>	<u>Revolving Improvement</u>	<u>Sewer Improvement</u>	<u>Other nonmajor governmental funds</u>	<u>Total governmental funds</u>
<b>ASSETS</b>					
Cash	\$ 2,003,323	\$ -	\$ 1,794,730	\$ 1,071,463	\$ 4,869,516
Investments	-	893,020	599,251	-	1,492,271
Receivables	2,589,275	-	260,233	717,502	3,567,010
Prepaid expenses	55,605	-	-	-	55,605
Due from other funds	-	95,126	-	-	95,126
Total assets	<u>\$ 4,648,203</u>	<u>\$ 988,146</u>	<u>\$ 2,654,214</u>	<u>\$ 1,788,965</u>	<u>\$ 10,079,528</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 91,800	\$ -	\$ 8,665	\$ 30,717	\$ 131,182
Accrued liabilities	39,700	-	-	-	39,700
Due to other funds	-	-	-	95,126	95,126
Deferred revenue	3,795,328	-	252,617	1,020,387	5,068,332
Total liabilities	<u>3,926,828</u>	<u>-</u>	<u>261,282</u>	<u>1,146,230</u>	<u>5,334,340</u>
Fund balances:					
Unreserved and undesignated	<u>721,375</u>	<u>988,146</u>	<u>2,392,932</u>	<u>642,735</u>	<u>4,745,188</u>
Total fund balances	<u>721,375</u>	<u>988,146</u>	<u>2,392,932</u>	<u>642,735</u>	<u>4,745,188</u>
Total liabilities and fund balances	<u>\$ 4,648,203</u>	<u>\$ 988,146</u>	<u>\$ 2,654,214</u>	<u>\$ 1,788,965</u>	<u>\$ 10,079,528</u>
<b>Total fund balances - governmental funds</b>					<b>\$ 4,745,188</b>

Amounts reported for *governmental activities* in the statement of net assets (Page 5)  
are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds. 19,532,771

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 454,970

Long-term liabilities, including compensated absence liabilities, are not due and payable in the current period and, therefore, are not reported in the funds. (249,000)

**Net assets of governmental activities** **\$ 24,483,929**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES - governmental funds**

Year ended December 31, 2005

	<u>General</u>	<u>Revolving Improvement</u>	<u>Sewer Improvement</u>	<u>Other nonmajor governmental funds</u>	<u>Totals</u>
<b>REVENUES</b>					
Taxes	\$ 3,635,069	\$ -	\$ -	\$ -	\$ 3,635,069
Federal grants	-	-	-	192,456	192,456
State grants	2,196,362	-	-	14,720	2,211,082
Fines and forfeitures	72,847	-	-	-	72,847
Licenses and permits	202,634	-	-	-	202,634
Charges for services	213,831	-	-	5,414	219,245
Interest and rentals	29,682	52,370	83,259	22,317	187,628
Other	69,016	-	111,167	540,512	720,695
Total revenues	<u>6,419,441</u>	<u>52,370</u>	<u>194,426</u>	<u>775,419</u>	<u>7,441,656</u>
<b>EXPENDITURES</b>					
Legislative	40,107	-	-	-	40,107
General government	1,430,910	-	-	-	1,430,910
Public safety	4,967,115	-	-	255,506	5,222,621
Public works	119,311	-	73,657	589,988	782,956
Community and economic development	81,043	-	-	-	81,043
Parks and recreation	98	-	-	-	98
Capital outlay	55,688	255,860	-	1,735	313,283
Total expenditures	<u>6,694,272</u>	<u>255,860</u>	<u>73,657</u>	<u>847,229</u>	<u>7,871,018</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(274,831)</u>	<u>(203,490)</u>	<u>120,769</u>	<u>(71,810)</u>	<u>(429,362)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	899,000	-	-	120,359	1,019,359
Transfers out	(18,802)	(600,557)	(400,000)	-	(1,019,359)
Total other financing sources (uses)	<u>880,198</u>	<u>(600,557)</u>	<u>(400,000)</u>	<u>120,359</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>605,367</u>	<u>(804,047)</u>	<u>(279,231)</u>	<u>48,549</u>	<u>(429,362)</u>
<b>FUND BALANCES - BEGINNING</b>	<u>116,008</u>	<u>1,792,193</u>	<u>2,672,163</u>	<u>594,186</u>	<u>5,174,550</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 721,375</u>	<u>\$ 988,146</u>	<u>\$ 2,392,932</u>	<u>\$ 642,735</u>	<u>\$ 4,745,188</u>

**Charter Township of Kalamazoo**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - governmental funds (Continued)**  
Year ended December 31, 2005

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Net change in fund balances - total governmental funds \$ (429,362)

Amounts reported for *governmental activities* in the statement of activities (Page 6) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$551,192) exceeded capital outlays, net of disposals (\$349,108) in the current period. (202,084)

Because some revenues will not be collected for several months after the Township's year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased by this amount this year. 176,394

Some items reported in the statement of activities (earned compensated absences) do not require the use of current financial resources and are not reported as expenditures in governmental funds. The payment of compensated absences is reported as an expenditure in governmental funds, but the payment reduces the long-term liability in the statement of net assets. In the current year, there was a net increase in the compensated absence liability. 53,000

Change in net assets of *governmental activities* \$ (402,052)

**Charter Township of Kalamazoo**  
**STATEMENT OF NET ASSETS - proprietary funds**  
December 31, 2005

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	<u><b>Total enterprise funds</b></u>
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 233,044
Prepaid costs	9,020
Receivables, net	5,902
Notes receivable - current portion	<u>1,493</u>
Total current assets	249,459
Capital assets, net of accumulated depreciation	265,383
Other assets - notes receivable, net of current portion	<u>8,741</u>
TOTAL ASSETS	<u>523,583</u>
<b>LIABILITIES</b>	
Accounts payable	<u>7,070</u>
<b>NET ASSETS</b>	
Invested in capital assets	265,383
Unrestricted	<u>251,130</u>
TOTAL NET ASSETS	<u>\$ 516,513</u>

See notes to financial statements

**Charter Township of Kalamazoo**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND NET ASSETS -  
proprietary funds**

*Year ended December 31, 2005*

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	<b><i>Total enterprise funds</i></b>
<b>OPERATING REVENUES</b>	
Licenses and permits	\$ 185,611
Rentals	<u>18,981</u>
Total operating revenues	<u>204,592</u>
<b>OPERATING EXPENSES</b>	
Personnel services	141,730
Contracted services	83,727
Other operating and maintenance costs	13,519
Depreciation	<u>17,443</u>
Total operating expenses	<u>256,419</u>
<b>OPERATING LOSS</b>	(51,827)
<b>NON-OPERATING REVENUES</b>	
Interest	<u>3,706</u>
<b>CHANGE IN NET ASSETS</b>	(48,121)
<b>TOTAL NET ASSETS - BEGINNING</b>	<u>564,634</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u><u>\$ 516,513</u></u>

*See notes to financial statements*

**Charter Township of Kalamazoo**  
**STATEMENT OF CASH FLOWS - proprietary funds**  
Year ended December 31, 2005

	<b><i>Total enterprise funds</i></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 204,616
Payments to suppliers	(97,382)
Payments to employees	<u>(141,730)</u>
Net cash used in operating activities	<u>(34,496)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends	3,706
Purchase of capital assets	<u>(43,623)</u>
Net cash used in investing activities	<u>(39,917)</u>
<b>NET DECREASE IN CASH</b>	(74,413)
<b>CASH - BEGINNING</b>	<u>307,457</u>
<b>CASH - ENDING</b>	<u><u>\$ 233,044</u></u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (51,827)
Adjustments to reconcile operating loss to net cash	
net cash used in operating activities:	
Depreciation expense	17,443
Changes in assets and liabilities:	
Increase in receivables, net	24
Increase in payables, net	<u>(136)</u>
Net cash used in operating activities	<u><u>\$ (34,496)</u></u>

See notes to financial statements

**Charter Township of Kalamazoo**

**STATEMENT OF FIDUCIARY NET ASSETS - agency funds**

*December 31, 2005*

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**ASSETS**

Cash	\$ 925,866
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**LIABILITIES**

Accounts payable	\$ 16,918
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Due to other governmental units	908,948
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TOTAL LIABILITIES	925,866
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*See notes to financial statements*

**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Charter Township of Kalamazoo, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the more significant accounting policies.

*a) Reporting entity:*

The Township is governed by an elected seven-member board. The accompanying financial statements present the government entity for which the government is considered to be financially accountable.

*b) Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of all interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

*c) Measurement focus, basis of accounting, and financial statement presentation:*

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.



**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

*c) Measurement focus, basis of accounting, and financial statement presentation (continued):*

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Revolving Improvement Fund accounts for the accumulation of resources to finance capital improvement projects authorized by PA 188.

The Sewer Improvement Fund accounts for the construction or purchase of major sewer improvements.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to the same limitations. The Township has elected not to follow subsequent private-sector standards.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds relate to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*d) Assets, liabilities, and net assets or equity:*

*i) Bank deposits and investments* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income is proportionately allocated to all funds.

**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**d) Assets, liabilities, and net assets or equity (continued):**

*ii) Receivables and payables* - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are considered to be fully collectible.

*iii) Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

*iv) Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of greater than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings	40 - 60 years
Building improvements	15 - 30 years
Land improvements	15 years
Sewer lines	50 - 75 years
Vehicles	5 - 10 years
Equipment	5 - 15 years
Office equipment	3 - 10 years

*v) Compensated absences* (vacation and sick leave) - It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A liability for unpaid accumulated vacation and sick leave has been recorded for the portion due to employees upon separation from service with the Township. Vested compensated absences are accrued when earned in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

*vi) Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the functional level. Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

*Excess of expenditures over appropriations in budgeted funds* - During the year, the Township incurred expenditures in certain budgeted funds, which were in excess of the amounts appropriated, as follows:

<u>Fund</u>	<u>Function</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
General	Capital outlay	\$ -	\$ 55,688	\$ (55,688)
Revolving improvement	Transfers out	499,000	600,557	(101,557)
Sewer improvement	Public works	-	73,657	(73,657)

**NOTE 3 - CASH AND INVESTMENTS:**

A reconciliation of cash and investments to the Township's deposits and investments, as shown in the government-wide statement of net assets and the fiduciary fund statement of net assets, is as follows:

	<u>Govern- mental activities</u>	<u>Business- type activities</u>	<u>Fiduciary fund</u>	<u>Totals</u>
Financial statements:				
Cash and cash equivalents	\$ 4,869,516	\$ 233,044	\$ 925,866	\$ 6,028,426
Investments	1,492,271	-	-	1,492,271
Total	<u>\$ 6,361,787</u>	<u>\$ 233,044</u>	<u>\$ 925,866</u>	<u>\$ 7,520,697</u>
Notes to financial statements:				
Deposits				\$ 6,028,426
Investments				<u>1,492,271</u>
Total				<u>\$ 7,520,697</u>

*Deposits with financial institutions:*

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 3 - CASH AND INVESTMENTS (Continued):**

Custodial credit risk of deposits is the risk that, in the event of the failure of a depository financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized. As of December 31, 2005, \$8,496,367 of the Township's bank balances of \$9,330,936 was exposed to custodial credit risk because it was uninsured. The Township maintains individual and pooled cash accounts for all of its funds.

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

*Investments:*

State statutes and the Township's investment policy authorize the Township to invest in a) obligations of the U.S. Treasury, agencies, and instrumentalities; b) commercial paper rated within the two highest rate classifications, which mature not more than 270 days after the date of purchase; c) repurchase agreements, collateralized by U.S. governmental securities; d) bankers' acceptances; and e) mutual funds composed of otherwise legal investments.

The Township's investments are subject to several types of risk, which are discussed below:

*Custodial credit risk.* Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Township will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. State statutes and the Township's investment policy do not contain requirements that would limit the exposure to custodial credit risk for investments. At year end, the following investment securities were uninsured and unregistered and held by the same broker-dealer (counterparty) that purchased the securities for the Township:

<u>Investment type</u>	<u>Carrying amount</u>
Commercial paper	\$ 1,205,259
Mutual funds	<u>287,012</u>
	<u>\$ 1,492,271</u>

**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 - CASH AND INVESTMENTS (Continued):**

*Concentration of credit risk.* State statutes and the Township's investment policy place no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities) that represent 5% or more of the Township's total investment are as follows:

<u>Issuer</u>	<u>Fair value</u>	<u>Percentage</u>
Commercial paper and mutual funds		
Morgan Stanley	595,716	40%
Citigroup	307,703	21%
National City	301,840	20%
Class MBIA	287,012	19%

**NOTE 4 - RECEIVABLES:**

Receivables as of year end for the Township's individual major and aggregate nonmajor funds are as follows:

	<u>General</u>	<u>Sewer Improve- ment</u>	<u>Non- major</u>	<u>Totals</u>
Taxes receivable	\$ 2,105,970	\$ -	\$ -	\$ 2,105,970
Accounts	36,464	10,681	-	47,145
Special assessments	-	249,552	717,502	967,054
Intergovernmental	446,841	-	-	446,841
Net receivables	<u>\$ 2,589,275</u>	<u>\$ 260,233</u>	<u>\$ 717,502</u>	<u>\$ 3,567,010</u>

Special assessments in the amount of \$210,000 are not expected to be collected within one year.

**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 5 - DEFERRED REVENUE:**

Governmental funds report deferred revenues in connection with assets that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenues are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes (General Fund)	\$ -	\$ 3,795,328
Special assessments (Sewer Improvement Fund)	252,617	-
Special assessments (nonmajor funds)	<u>202,353</u>	<u>818,034</u>
Total	<u>\$ 454,970</u>	<u>\$ 4,613,362</u>

**NOTE 6 - PROPERTY TAXES:**

The Township property tax is levied on each December 1 on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31.

Although the Township 2005 ad valorem tax is levied and collectible on December 1, 2005, it is the Township's policy to recognize revenues from the current tax levy in the subsequent year when the proceeds of this levy are budgeted and made "available" for the financing of operations.

The 2005 tax levy of the Township consisted of the following:

<u>Fund</u>	<u>2005 Taxable Valuation</u>	<u>Millage rate</u>	<u>Purpose</u>	<u>Taxes raised</u>
General	\$ 421,069,532	8.9691	Operating	\$ 3,774,898

Taxes are considered delinquent on March 1<sup>st</sup> of the following year, at which time penalties and interest are assessed.

**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 7 - CAPITAL ASSETS:**

Capital asset activity of the Township for the year ended December 31, 2005, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated - land	\$ 407,374	\$ 41,815	\$ -	\$ 449,189
Capital assets being depreciated:				
Buildings	2,226,522	10,600	-	2,237,122
Improvements other than buildings	82,080	-	-	82,080
Machinery and equipment	3,081,319	386,147	426,920	3,040,546
Infrastructure	22,083,528	88,698	-	22,172,226
Subtotal	27,473,449	485,445	426,920	27,531,974
Less accumulated depreciation for:				
Buildings	1,005,345	47,940	-	1,053,285
Improvements other than buildings	8,357	5,414	-	13,771
Machinery and equipment	2,232,288	228,501	248,768	2,212,021
Infrastructure	4,899,978	269,337	-	5,169,315
Subtotal	8,145,968	551,192	248,768	8,448,392
Total capital assets being depreciated, net	19,327,481	(65,747)	178,152	19,083,582
Total capital assets, net	\$ 19,734,855	\$ (23,932)	\$ 178,152	\$ 19,532,771
Business-type activities:				
Capital assets not being depreciated - land	\$ 171,000	\$ -	\$ -	\$ 171,000
Capital assets being depreciated:				
Buildings	94,759	-	-	94,759
Improvements other than buildings	113,320	7,680	-	121,000
Machinery and equipment	54,077	35,943	-	90,020
Subtotal	262,156	43,623	-	305,779

**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 7 - CAPITAL ASSETS (Continued):**

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Business-type activities (continued):				
Less accumulated depreciation for:				
Buildings	\$ 86,030	\$ 5,804	\$ -	\$ 91,834
Improvements other than buildings	61,337	6,572	-	67,909
Machinery and equipment	<u>46,586</u>	<u>5,067</u>	<u>-</u>	<u>51,653</u>
Subtotal	<u>193,953</u>	<u>17,443</u>	<u>-</u>	<u>211,396</u>
Total capital assets being depreciated, net	<u>68,203</u>	<u>26,180</u>	<u>-</u>	<u>94,383</u>
Total capital assets, net	<u>\$ 239,203</u>	<u>\$ 26,180</u>	<u>\$ -</u>	<u>\$ 265,383</u>

Depreciation expense was charged to programs of the Township as follows:

Governmental activities:	
General government	\$ 62,880
Public safety	213,734
Public works	269,337
Recreation and culture	<u>5,241</u>
Total governmental activities	<u>\$ 551,192</u>
Business-type activities:	
Golf course	<u>\$ 17,443</u>



**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 8 - PAYABLES:**

Accounts payable and accrued liabilities in the governmental activities are as follows:

	<u>Accounts</u>	<u>Wages and fringe benefits</u>	<u>Inter- govern- mental</u>
Governmental activities:			
General Fund	\$ 91,800	\$ 39,700	\$ -
Sewer Improvement Fund	-	-	8,665
Nonmajor governmental funds	<u>30,717</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 122,517</u>	<u>\$ 39,700</u>	<u>\$ 8,665</u>
Business-type activities:			
Building Inspections Fund	<u>\$ 7,070</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 9 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss to general liability, property and casualty, workers' compensation, and employee health and medical claims. The risks of loss arising from general liability up to \$5,000,000, building contents, workers' compensation, employee medical, and casualty are managed through purchased commercial insurance. For all risks of loss, there have been no significant reductions in insurance coverage from coverage provided in prior years. Also, in the past three years, settlements did not exceed insurance coverage.

**NOTE 10 - RETIREMENT PLAN:**

The Township contributes to three defined contribution pension plans for its employees. The two plans for non-union employees are administered by an insurance company. The plan for union employees is administered by an investment company. The plan for firefighters requires matching employee contributions. The other plans are non-contributory. All plans are funded on a group annuity basis.

Contributions for union employees are fully vested upon participation in the plan. The Township's contributions for participating non-union employees (and allocated interest) are fully vested after 48 months of service. Contributions and interest forfeited by non-vested employees who leave employment are used to reduce the Township's current period contribution requirement.

The Township made the required contributions of \$602,589 for the year ended December 31, 2005. The Township is not a trustee of these plans, nor is the Township responsible for investment management of plan assets.

**Charter Township of Kalamazoo**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS:**

In addition to the pension benefits described in Note 10, the Township provides post-retirement healthcare benefits for employees and their dependents, if the employees meet specific service and age criteria:

- i) Police department employees who retire from the department on or after attaining age 51 with at least 25 years of service, or who retire from the department on or after attaining age 57 with at least 15 years of service.
- ii) Elected officials who have served for eight years.
- iii) All other Township employees who have ten years of continuous full-time service and who have reached the age of 55, or permanent disability.

Currently, 18 employees meet those eligibility requirements. In 2005, the Township paid health insurance premiums totaling \$40,934 for five retired employees.

**NOTE 12 - LONG-TERM LIABILITIES:**

Long-term liabilities are comprised of accrued employee vacations and sick pay. The changes in the liability balance for the year ended December 31, 2005, including the current portion of \$32,000, are as follows:

Beginning balance	\$ 302,000
Amounts earned	331,000
Amounts used	<u>(384,000)</u>
Ending balance	<u>\$ 249,000</u>

**NOTE 13 - COMMITMENTS AND CONTINGENCIES:**

*Contingent liabilities:*

The Township is contingently liable to its employees for approximately \$174,000 in accumulated non-vested sick pay benefits.

*Litigation:*

The Township is the defendant in various lawsuits arising principally in the normal course of operations. In the opinion of management, the outcome of these lawsuits will not have a materially adverse effect on the accompanying basic financial statements and accordingly, no provision for losses has been recorded.

**NOTE 14 - SUBSEQUENT EVENTS:**

Subsequent to year-end, the Township entered into an agreement to purchase fire apparatus for \$540,000. The purchase will be financed by special assessment tax revenue generated in the Fire Capital Fund.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Charter Township of Kalamazoo**  
**BUDGETARY COMPARISON SCHEDULE - General Fund**  
Year ended December 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	<u>\$ 3,640,625</u>	<u>\$ 3,640,625</u>	<u>\$ 3,635,069</u>	<u>\$ (5,556)</u>
State grants	<u>2,230,542</u>	<u>2,230,542</u>	<u>2,196,362</u>	<u>(34,180)</u>
Fines and forfeitures:				
District court fees	106,981	106,981	63,973	(43,008)
Violation bureau fees	5,193	5,193	2,610	(2,583)
False alarm fees	<u>2,596</u>	<u>2,596</u>	<u>6,264</u>	<u>3,668</u>
Total fines and forfeitures	<u>114,770</u>	<u>114,770</u>	<u>72,847</u>	<u>(41,923)</u>
Licenses and permits:				
Liquor license refunds	7,355	7,355	8,100	745
Trailer fees	8,024	8,024	3,803	(4,221)
Cable TV franchise fees	134,640	134,640	132,627	(2,013)
Other licenses	<u>8,929</u>	<u>8,929</u>	<u>58,104</u>	<u>49,175</u>
Total licenses and permits	<u>158,948</u>	<u>158,948</u>	<u>202,634</u>	<u>43,686</u>
Charges for services:				
Administrative fees	9,592	9,592	200,761	191,169
Cemetery charges and fees	12,009	12,009	13,070	1,061
Recreation fees	<u>909</u>	<u>909</u>	<u>-</u>	<u>(909)</u>
Total charges for services	<u>22,510</u>	<u>22,510</u>	<u>213,831</u>	<u>191,321</u>
Interest and rentals:				
Interest earned	81,947	81,947	15,713	(66,234)
Lease payments	-	-	9,794	9,794
Civic room rent	<u>10,200</u>	<u>10,200</u>	<u>4,175</u>	<u>(6,025)</u>
Total interest and rentals	<u>92,147</u>	<u>92,147</u>	<u>29,682</u>	<u>(62,465)</u>
Other:				
Sale of fixed assets	8,438	8,438	24,500	16,062
Miscellaneous	<u>26,538</u>	<u>26,538</u>	<u>44,516</u>	<u>17,978</u>
Total other	<u>34,976</u>	<u>34,976</u>	<u>69,016</u>	<u>34,040</u>
Total revenues	<u>6,294,518</u>	<u>6,294,518</u>	<u>6,419,441</u>	<u>124,923</u>

**Charter Township of Kalamazoo**  
**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended December 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>EXPENDITURES</b>				
Legislative:				
Trustees' fees	\$ 19,319	\$ 19,319	\$ 20,947	\$ (1,628)
Payroll taxes	1,364	1,364	1,198	166
Employee benefits	17,182	17,182	5,085	12,097
Travel and other expenses	<u>15,000</u>	<u>15,000</u>	<u>12,877</u>	<u>2,123</u>
Total legislative	<u>52,865</u>	<u>52,865</u>	<u>40,107</u>	<u>12,758</u>
General government:				
Supervisor:				
Salary	72,946	72,946	72,946	-
Payroll taxes	5,580	5,580	5,580	-
Employee benefits	<u>13,822</u>	<u>13,822</u>	<u>13,798</u>	<u>24</u>
Total supervisor	<u>92,348</u>	<u>92,348</u>	<u>92,324</u>	<u>24</u>
Elections:				
Election worker fees	47,438	47,438	42,995	4,443
Payroll taxes	2,732	2,732	3,534	(802)
Employee benefits	6,657	6,657	7,069	(412)
Supplies	3,419	3,419	2,564	855
Training and travel	<u>600</u>	<u>600</u>	<u>1,120</u>	<u>(520)</u>
Total elections	<u>60,846</u>	<u>60,846</u>	<u>57,282</u>	<u>3,564</u>
Assessor:				
Salaries and wages	137,125	137,125	135,867	1,258
Board fees	2,459	2,459	1,083	1,376
Payroll taxes	10,489	10,489	10,140	349
Employee benefits	23,273	23,273	23,097	176
Office supplies	245	245	64	181
Dues and subscriptions	800	800	1,135	(335)
Operating supplies	1,530	1,530	1,079	451
Software	-	-	-	-
Travel and conferences	816	816	143	673
Notices	430	430	-	430
Repairs and maintenance	1,368	1,368	3,766	(2,398)
Training	<u>300</u>	<u>300</u>	<u>80</u>	<u>220</u>
Total assessor	<u>178,835</u>	<u>178,835</u>	<u>176,454</u>	<u>2,381</u>

Charter Township of Kalamazoo

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended December 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
General government (continued):				
Clerk:				
Salary	\$ 72,946	\$ 72,946	\$ 72,946	\$ -
Payroll taxes	5,507	5,507	5,427	80
Employee benefits	<u>21,836</u>	<u>21,836</u>	<u>29,283</u>	<u>(7,447)</u>
Total clerk	<u>100,289</u>	<u>100,289</u>	<u>107,656</u>	<u>(7,367)</u>
General services administration:				
Salaries and wages	132,269	132,269	127,980	4,289
Payroll taxes	23,704	23,704	9,752	13,952
Employee benefits	113,085	113,085	150,705	(37,620)
Accounting and auditing	35,818	35,818	32,280	3,538
Legal services	84,453	84,453	67,465	16,988
Engineering services	10,200	10,200	23,173	(12,973)
Insurance	162,105	162,105	169,896	(7,791)
Supplies	14,424	14,424	17,863	(3,439)
Postage	23,529	23,529	25,101	(1,572)
Purchased services	26,492	26,492	37,980	(11,488)
Telephone	15,200	15,200	10,698	4,502
Dues and subscriptions	11,405	11,405	7,430	3,975
Notices and publications	8,232	8,232	14,423	(6,191)
Travel and conferences	1,191	1,191	1,697	(506)
Schools and training	671	671	140	531
Utilities	42,176	42,176	35,020	7,156
Unclassified	1,266	1,266	3,871	(2,605)
Expenditure reimbursements	<u>(53,727)</u>	<u>(53,727)</u>	<u>(100,000)</u>	<u>46,273</u>
Total general services administration	<u>652,493</u>	<u>652,493</u>	<u>635,474</u>	<u>17,019</u>
Treasurer:				
Salary	72,946	72,946	72,946	-
Payroll taxes	5,580	5,580	5,578	2
Employee benefits	<u>17,775</u>	<u>17,775</u>	<u>21,034</u>	<u>(3,259)</u>
Total treasurer	<u>96,301</u>	<u>96,301</u>	<u>99,558</u>	<u>(3,257)</u>

Charter Township of Kalamazoo

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended December 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
General government (continued):				
Data processing:				
Salaries and wages	\$ 34,417	\$ 34,417	\$ 33,578	\$ 839
Payroll taxes	2,582	2,582	2,408	174
Employee benefits	5,740	5,740	5,708	32
Supplies and services	7,540	7,540	1,807	5,733
Total data processing	<u>50,279</u>	<u>50,279</u>	<u>43,501</u>	<u>6,778</u>
Building and grounds:				
Salaries and wages	109,932	109,932	104,203	5,729
Payroll taxes	10,926	10,926	7,645	3,281
Employee benefits	43,797	43,797	56,221	(12,424)
Operating supplies	7,850	7,850	4,892	2,958
Gas and oil	2,550	2,550	2,308	242
Purchased services	9,674	9,674	6,376	3,298
Repairs and maintenance	30,125	30,125	22,075	8,050
Total building and grounds	<u>214,854</u>	<u>214,854</u>	<u>203,720</u>	<u>11,134</u>
Cemetery:				
Salaries and wages	5,831	5,831	5,986	(155)
Payroll taxes	446	446	442	4
Employee benefits	991	991	1,018	(27)
Operating supplies	2,185	2,185	606	1,579
Purchased services	7,648	7,648	1,820	5,828
Utilities	537	537	1,374	(837)
Repairs and maintenance	6,060	6,060	3,695	2,365
Total cemetery	<u>23,698</u>	<u>23,698</u>	<u>14,941</u>	<u>8,757</u>
Total general government	<u>1,469,943</u>	<u>1,469,943</u>	<u>1,430,910</u>	<u>39,033</u>

**Charter Township of Kalamazoo**

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended December 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
Public safety:				
Police protection:				
Salaries and wages	\$ 2,356,166	\$ 2,356,166	\$ 2,319,423	\$ 36,743
Payroll taxes	190,193	190,193	193,783	(3,590)
Employee insurance	415,000	415,000	488,996	(73,996)
Pension	345,055	345,055	389,316	(44,261)
Office supplies	12,381	12,381	4,363	8,018
Publications	1,125	1,125	-	1,125
Operating supplies	10,128	10,128	7,944	2,184
Lein billing	-	1,520	1,651	(131)
Equipment allowance	36,377	36,377	26,297	10,080
Gas and oil	27,010	27,010	42,940	(15,930)
Purchased services	35,200	35,600	16,922	18,678
Crime prevention	510	510	366	144
Investigative operations	7,140	7,140	(536)	7,676
Telephone	25,000	23,480	12,963	10,517
Travel and conferences	2,000	2,000	1,931	69
General insurance	61,897	61,897	61,119	778
Vision and physicals	4,502	4,502	3,712	790
Workers' compensation	45,016	45,016	63,866	(18,850)
Notices	510	510	-	510
Repairs and maintenance	42,500	42,500	30,981	11,519
Training	10,200	10,200	10,211	(11)
Unclassified	10,000	10,000	-	10,000
Legal services	102,000	102,000	74,217	27,783
Total police protection	<u>3,739,910</u>	<u>3,740,310</u>	<u>3,750,465</u>	<u>(10,155)</u>
Fire protection:				
Salaries and wages:				
Regular	567,866	567,866	568,592	(726)
Paid on-call	140,051	140,051	157,421	(17,370)
Payroll taxes	44,507	44,507	33,985	10,522
Employee insurance	99,484	99,484	107,541	(8,057)
Pension	77,867	77,867	87,711	(9,844)
Office supplies	2,760	2,760	1,181	1,579
Publications	2,616	2,616	2,928	(312)
Operating supplies	17,940	17,940	11,193	6,747
Equipment allowance	20,400	20,400	11,901	8,499
Gas and oil	8,301	8,301	12,836	(4,535)



**Charter Township of Kalamazoo**

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended December 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
Public safety (continued):				
Fire protection (continued):				
Purchased services	\$ 17,456	\$ 17,456	\$ 22,403	\$ (4,947)
Telephone	13,437	13,437	7,621	5,816
Travel and conferences	8,300	8,300	6,668	1,632
Vision and physicals	7,777	7,777	9,993	(2,216)
General insurance	45,478	45,478	14,514	30,964
Workers' compensation	22,950	22,950	18,360	4,590
Utilities	52,713	52,713	40,892	11,821
Repairs and maintenance	85,168	85,168	89,675	(4,507)
Schools and training	7,500	7,500	11,235	(3,735)
Total fire protection	<u>1,242,571</u>	<u>1,242,571</u>	<u>1,216,650</u>	<u>25,921</u>
Emergency preparedness:				
Disaster relief	2,000	2,000	-	2,000
911 emergency service	-	-	-	-
Total emergency preparedness	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total public safety	<u>4,984,481</u>	<u>4,984,881</u>	<u>4,967,115</u>	<u>17,766</u>
Public works:				
Public transportation	92,733	92,733	95,277	(2,544)
Street maintenance	50,000	50,000	24,034	25,966
Total public works	<u>142,733</u>	<u>142,733</u>	<u>119,311</u>	<u>23,422</u>
Community and economic development - planning and zoning:				
Board fees	12,751	12,751	11,720	1,031
Payroll taxes	499	499	897	(398)
Employee benefits	-	-	229	(229)
Office supplies	140	140	124	16
Engineering services	3,000	3,000	4,814	(1,814)
Planning consultant	40,800	40,800	25,260	15,540
Legal services	30,600	30,600	32,405	(1,805)

**Charter Township of Kalamazoo**

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended December 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
Community and economic development - planning and zoning (continued):				
Travel and conferences	\$ 510	\$ 510	\$ 475	\$ 35
Notices and publications	<u>4,060</u>	<u>4,060</u>	<u>5,119</u>	<u>(1,059)</u>
Total community and economic development - planning and zoning	<u>92,360</u>	<u>92,360</u>	<u>81,043</u>	<u>11,317</u>
Parks and recreation:				
Operating supplies	1,260	1,260	-	1,260
Utilities	1,719	1,719	98	1,621
Repairs and maintenance	5,100	5,100	-	5,100
Other	<u>580</u>	<u>580</u>	<u>-</u>	<u>580</u>
Total parks and recreation	<u>8,659</u>	<u>8,659</u>	<u>98</u>	<u>8,561</u>
Capital outlay:				
General government	16,100	-	-	-
Police	146,780	-	55,688	(55,688)
Fire	<u>61,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital outlay	<u>224,080</u>	<u>-</u>	<u>55,688</u>	<u>(55,688)</u>
Total expenditures	<u>6,975,121</u>	<u>6,751,441</u>	<u>6,694,272</u>	<u>57,169</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(680,603)	(456,923)	(274,831)	182,092
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	70,000	899,000	899,000	-
Transfers out	<u>-</u>	<u>-</u>	<u>(18,802)</u>	<u>(18,802)</u>
Total other financing sources	<u>70,000</u>	<u>899,000</u>	<u>880,198</u>	<u>(18,802)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(610,603)	442,077	605,367	163,290
<b>FUND BALANCES - BEGINNING</b>	<u>116,008</u>	<u>116,008</u>	<u>116,008</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ (494,595)</u>	<u>\$ 558,085</u>	<u>\$ 721,375</u>	<u>\$ 163,290</u>

**Charter Township of Kalamazoo**

**BUDGETARY COMPARISON SCHEDULE - Revolving Improvement Fund**

Year ended December 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 52,370	\$ 52,370
<b>EXPENDITURES</b>				
Capital outlay	-	224,080	255,860	(31,780)
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	-	(224,080)	(203,490)	20,590
<b>OTHER FINANCING (USES)</b>				
Transfers out	-	(499,000)	(600,557)	(101,557)
<b>NET CHANGE IN FUND BALANCES</b>	-	(723,080)	(804,047)	(80,967)
<b>FUND BALANCES - BEGINNING</b>	<u>1,792,193</u>	<u>1,792,193</u>	<u>1,792,193</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,792,193</u>	<u>\$ 1,069,113</u>	<u>\$ 988,146</u>	<u>\$ (80,967)</u>

**Charter Township of Kalamazoo**  
**BUDGETARY COMPARISON SCHEDULE - Sewer Improvement Fund**  
Year ended December 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$83,259	\$83,259
Special assessments	-	-	\$ 107,286	\$ 107,286
Unclassified	-	-	3,881	3,881
	<u>-</u>	<u>-</u>	<u>194,426</u>	<u>194,426</u>
Total revenues	-	-	194,426	194,426
<b>EXPENDITURES</b>				
Public works:				
Engineering	-	-	22,557	(22,557)
Legal and administrative costs	-	-	31,332	(31,332)
Maintenance	-	-	2,404	(2,404)
Unclassified	-	-	2,824	(2,824)
Construction	-	-	14,540	(14,540)
	<u>-</u>	<u>-</u>	<u>73,657</u>	<u>(73,657)</u>
Total public works	-	-	73,657	(73,657)
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>120,769</u>	<u>120,769</u>
<b>OTHER FINANCING (USES)</b>				
Transfers out	-	(400,000)	(400,000)	-
<b>NET CHANGE IN FUND BALANCES</b>	-	(400,000)	(279,231)	120,769
<b>FUND BALANCES - BEGINNING</b>	<u>2,672,163</u>	<u>2,672,163</u>	<u>2,672,163</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 2,672,163</u>	<u>\$ 2,272,163</u>	<u>\$ 2,392,932</u>	<u>\$ 120,769</u>

## **SUPPLEMENTARY INFORMATION**

**Charter Township of Kalamazoo**  
**COMBINING BALANCE SHEET - nonmajor governmental funds**  
December 31, 2005

	<u>Special revenue funds</u>			
	<u>Police Training</u>	<u>Drug Enforcement</u>	<u>Southwest Enforcement Team</u>	<u>Street Lighting</u>
<b>ASSETS</b>				
Cash	\$ 15,063	\$ 29,449	\$ -	\$ 348,253
Receivables	-	-	-	92,062
<b>TOTAL ASSETS</b>	<u>\$ 15,063</u>	<u>\$ 29,449</u>	<u>\$ -</u>	<u>\$ 440,315</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 7,281	\$ -	\$ -	\$ 14,780
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	167,877
<b>Total liabilities</b>	7,281	-	-	182,657
Fund balances:				
Unreserved, undesignated	<u>7,782</u>	<u>29,449</u>	<u>-</u>	<u>257,658</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 15,063</u>	<u>\$ 29,449</u>	<u>\$ -</u>	<u>\$ 440,315</u>

<i>Special revenue funds</i>						<i>Total nonmajor governmental funds</i>
<i>Recycling</i>	<i>Street</i>	<i>Water</i>	<i>Parks</i>	<i>Police Capital</i>	<i>Fire Capital</i>	
\$ 327,604	\$ 1,382	\$ 151,350	\$ 8,813	\$ 75,816	\$ 113,733	\$ 1,071,463
99,075	266,679	29,418	-	92,104	138,164	717,502
<u>\$ 426,679</u>	<u>\$ 268,061</u>	<u>\$ 180,768</u>	<u>\$ 8,813</u>	<u>\$ 167,920</u>	<u>\$ 251,897</u>	<u>\$ 1,788,965</u>
\$ 8,656	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,717
-	95,126	-	-	-	-	95,126
<u>230,340</u>	<u>172,935</u>	<u>29,418</u>	<u>-</u>	<u>167,920</u>	<u>251,897</u>	<u>1,020,387</u>
238,996	268,061	29,418	-	167,920	251,897	1,146,230
<u>187,683</u>	<u>-</u>	<u>151,350</u>	<u>8,813</u>	<u>-</u>	<u>-</u>	<u>642,735</u>
<u>\$ 426,679</u>	<u>\$ 268,061</u>	<u>\$ 180,768</u>	<u>\$ 8,813</u>	<u>\$ 167,920</u>	<u>\$ 251,897</u>	<u>\$ 1,788,965</u>

**Charter Township of Kalamazoo**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCES - nonmajor governmental funds**

Year ended December 31, 2005

	<b>Special revenue funds</b>			
	<b>Police Training</b>	<b>Drug Enforcement</b>	<b>Southwest Enforcement Team</b>	<b>Street Lighting</b>
<b>REVENUES</b>				
Federal grants	\$ 192,456	\$ -	\$ -	\$ -
State grants	14,720	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	9,921
Other	7,642	5,631	21,231	188,595
Total revenues	214,818	5,631	21,231	198,516
<b>EXPENDITURES</b>				
Public safety	227,133	4,873	23,500	-
Public works	-	-	-	173,243
Capital outlay	-	-	-	-
Total expenditures	227,133	4,873	23,500	173,243
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(12,315)	758	(2,269)	25,273
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	18,802	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	18,802	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	6,487	758	(2,269)	25,273
<b>FUND BALANCES - BEGINNING</b>	1,295	28,691	2,269	232,385
<b>FUND BALANCES - ENDING</b>	\$ 7,782	\$ 29,449	\$ -	\$ 257,658



<i>Special revenue funds</i>						<i>Total nonmajor governmental funds</i>
<i>Recycling</i>	<i>Street</i>	<i>Water</i>	<i>Parks</i>	<i>Police Capital</i>	<i>Fire Capital</i>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 192,456
-	-	-	-	-	-	14,720
-	-	-	5,414	-	-	5,414
8,177	-	4,219	-	-	-	22,317
<u>228,162</u>	<u>68,882</u>	<u>20,369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>540,512</u>
<u>236,339</u>	<u>68,882</u>	<u>24,588</u>	<u>5,414</u>	<u>-</u>	<u>-</u>	<u>775,419</u>
-	-	-	-	-	-	255,506
202,461	210,258	4,026	-	-	-	589,988
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,735</u>	<u>-</u>	<u>-</u>	<u>1,735</u>
<u>202,461</u>	<u>210,258</u>	<u>4,026</u>	<u>1,735</u>	<u>-</u>	<u>-</u>	<u>847,229</u>
<u>33,878</u>	<u>(141,376)</u>	<u>20,562</u>	<u>3,679</u>	<u>-</u>	<u>-</u>	<u>(71,810)</u>
-	101,557	-	-	-	-	120,359
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>101,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,359</u>
33,878	(39,819)	20,562	3,679	-	-	48,549
<u>153,805</u>	<u>39,819</u>	<u>130,788</u>	<u>5,134</u>	<u>-</u>	<u>-</u>	<u>594,186</u>
<u>\$ 187,683</u>	<u>\$ -</u>	<u>\$ 151,350</u>	<u>\$ 8,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 642,735</u>

**Charter Township of Kalamazoo**  
**COMBINING BALANCE SHEET - enterprise funds**  
December 31, 2005

	<u><b>Golf Course</b></u>	<u><b>Economic Development Loan</b></u>	<u><b>Building Inspections</b></u>	<u><b>Total nonmajor enterprise funds</b></u>
<b>ASSETS</b>				
Current assets:				
Cash	\$ 66,791	\$ 124,663	\$ 41,590	\$ 233,044
Prepaid costs	9,020	-	-	9,020
Receivables, net	-	-	5,902	5,902
Notes receivable - current portion	-	1,493	-	1,493
Total current assets	75,811	126,156	47,492	249,459
Capital assets, net of accumulated depreciation	265,383	-	-	265,383
Other assets - notes receivable, net of current portion	-	8,741	-	8,741
TOTAL ASSETS	<u>341,194</u>	<u>134,897</u>	<u>47,492</u>	<u>523,583</u>
<b>LIABILITIES</b>				
Accounts payable	-	-	7,070	7,070
<b>NET ASSETS</b>				
Invested in capital assets	265,383	-	-	265,383
Unrestricted, unallocated	75,811	134,897	40,422	251,130
TOTAL NET ASSETS	<u>\$ 341,194</u>	<u>\$ 134,897</u>	<u>\$ 40,422</u>	<u>\$ 516,513</u>

**Charter Township of Kalamazoo****COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGE IN FUND NET ASSETS - enterprise funds**

Year ended December 31, 2005

	<b><u>Golf Course</u></b>	<b><u>Economic Development Loan</u></b>	<b><u>Building Inspections</u></b>	<b><u>Total nonmajor enterprise funds</u></b>
<b>OPERATING REVENUES</b>				
Licenses and permits	\$ -	\$ -	\$ 185,611	\$ 185,611
Rentals	<u>18,981</u>	<u>-</u>	<u>-</u>	<u>18,981</u>
Total operating revenues	<u>18,981</u>	<u>-</u>	<u>185,611</u>	<u>204,592</u>
<b>OPERATING EXPENSES</b>				
Salaries	-	-	116,109	116,109
Payroll benefits	-	-	25,621	25,621
Supplies	-	150	2,710	2,860
Purchased services	242	-	83,485	83,727
Telephone	-	-	818	818
Repairs and maintenance	1,051	-	3,241	4,292
Travel	-	-	5,549	5,549
Capital outlay	-	-	-	-
Depreciation	<u>17,443</u>	<u>-</u>	<u>-</u>	<u>17,443</u>
Total operating expense:	<u>18,736</u>	<u>150</u>	<u>237,533</u>	<u>256,419</u>
<b>OPERATING INCOME (LOSS)</b>	245	(150)	(51,922)	(51,827)
<b>NONOPERATING REVENUES</b>				
Interest	<u>-</u>	<u>3,706</u>	<u>-</u>	<u>3,706</u>
<b>NET INCOME (LOSS)</b>	245	3,556	(51,922)	(48,121)
<b>NET ASSETS - BEGINNING</b>	<u>340,949</u>	<u>131,341</u>	<u>92,344</u>	<u>564,634</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 341,194</u>	<u>\$ 134,897</u>	<u>\$ 40,422</u>	<u>\$ 516,513</u>

**Charter Township of Kalamazoo**

**COMBINING STATEMENT OF CASH FLOWS - enterprise funds**

Year ended December 31, 2005

	<u>Golf Course</u>	<u>Economic Development Loan</u>	<u>Building Inspections</u>	<u>Total nonmajor enterprise funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 18,981	\$ (153)	\$ 185,788	\$ 204,616
Payments to suppliers	(1,293)	(150)	(95,939)	(97,382)
Payments to employees	-	-	(141,730)	(141,730)
Net cash provided by (used in) operating activities	<u>17,688</u>	<u>(303)</u>	<u>(51,881)</u>	<u>(34,496)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	-	3,706	-	3,706
Purchase of capital assets	<u>(43,623)</u>	<u>-</u>	<u>-</u>	<u>(43,623)</u>
Net cash provided by (used in) investing activities	<u>(43,623)</u>	<u>3,706</u>	<u>-</u>	<u>(39,917)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<u>(25,935)</u>	<u>3,403</u>	<u>(51,881)</u>	<u>(74,413)</u>
<b>CASH - BEGINNING</b>	<u>92,726</u>	<u>121,260</u>	<u>93,471</u>	<u>307,457</u>
<b>CASH - ENDING</b>	<u>\$ 66,791</u>	<u>\$ 124,663</u>	<u>\$ 41,590</u>	<u>\$ 233,044</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ 245	\$ (150)	\$ (51,922)	\$ (51,827)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	17,443	-	-	17,443
Increase in receivables, net	-	(153)	177	24
Increase in payables, net	-	-	(136)	(136)
Net cash provided by (used in) operating activities	<u>\$ 17,688</u>	<u>\$ (303)</u>	<u>\$ (51,881)</u>	<u>\$ (34,496)</u>